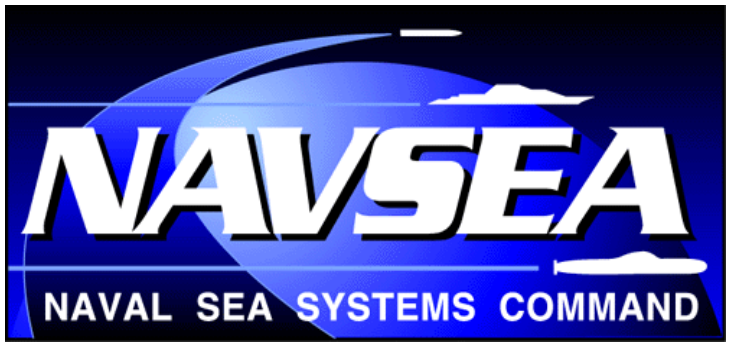


Maritime HM&E Standardization ExComm

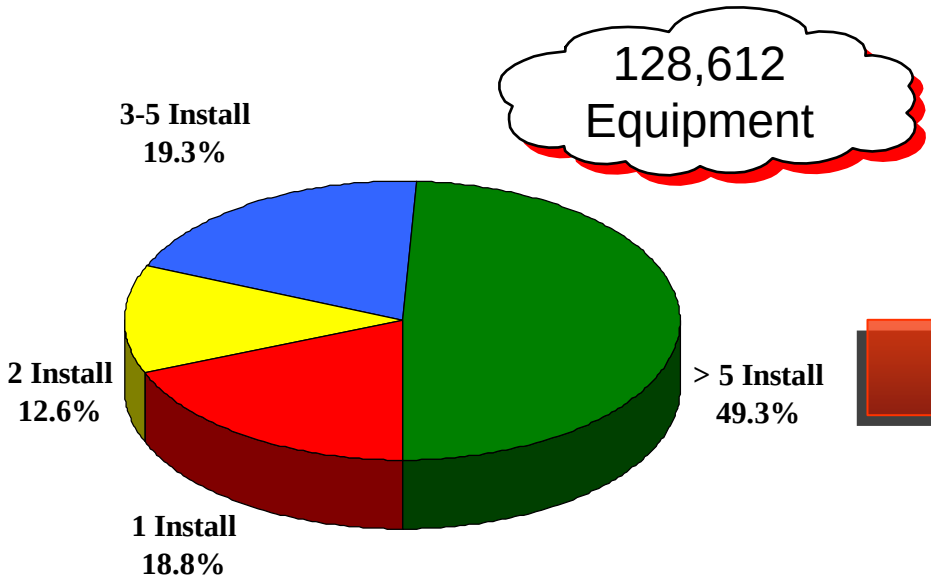
21 November 2005

Meeting Purpose

- Review events since last ExComm
- Working Groups gain concurrence from ExComm on their structure, goals, POA&Ms, metrics, and progress to date

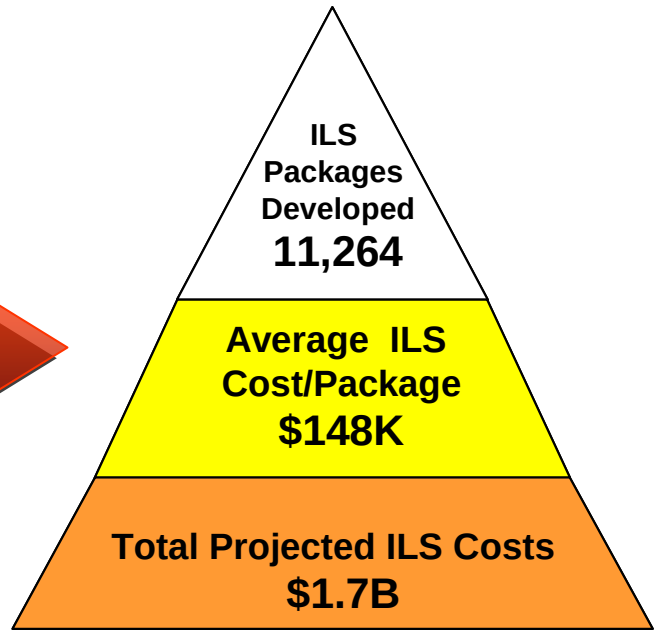
Background

Current Environment



Based on NSLC FY2005 Standard Profiles Reports

Financial Impact



5 year data compiled
FY2000 thru FY2004

Increased use of common HM&E equipment generates greater interoperability, increases readiness and lowers total ownership costs

ExComm Purpose/Goals

Purpose

- Serve as Maritime HM&E standardization authority
- Identify standardization opportunities
- Craft procurement strategies

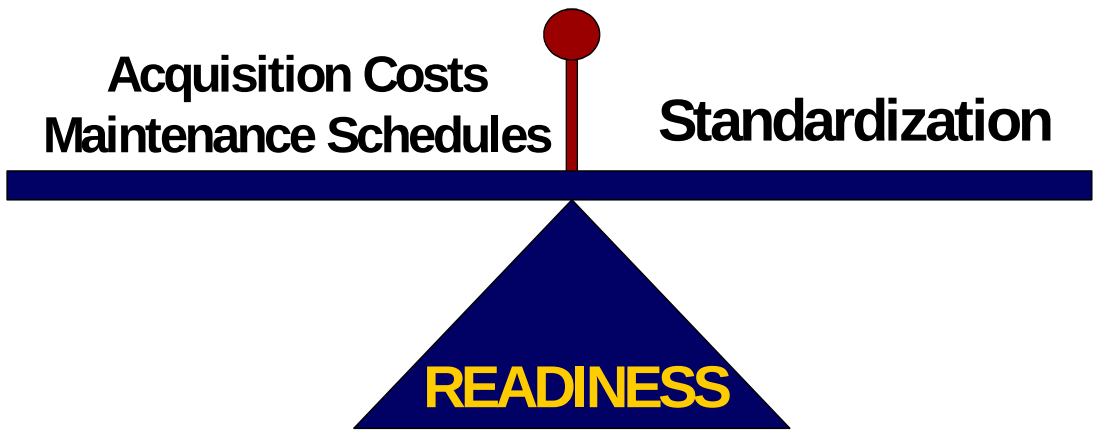
Goals

- Increase Fleet material availability
- Dramatically reduce introduction of non-standard HM&E equipment to the Fleet
- Reduce overall life cycle costs associated with the introduction of non-standard HM&E
- Maintain or reduce procurement cost of HM&E for new construction, modernization and repair

Enterprise Solution for standardization…
Adopt a single process

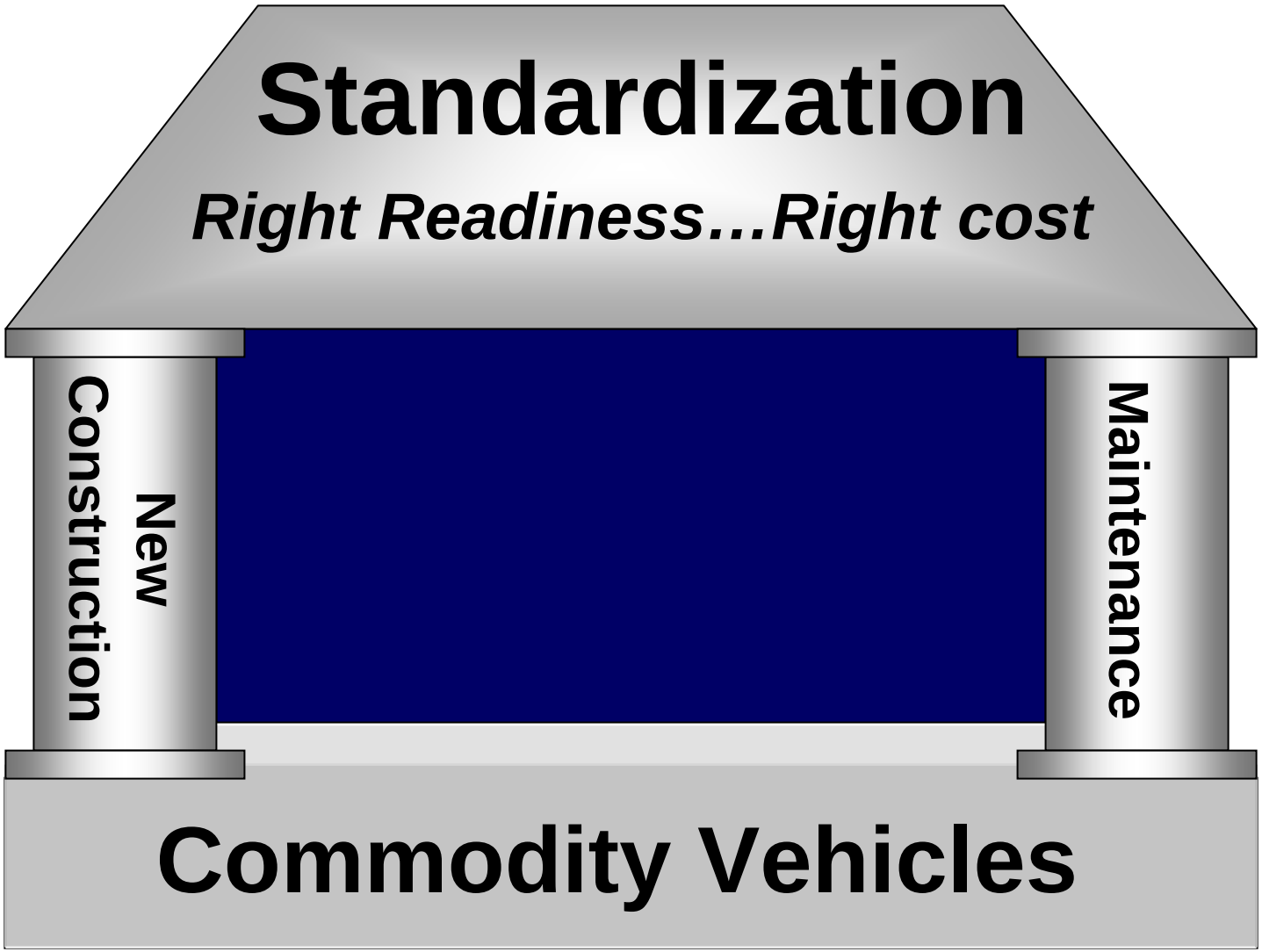
ExComm

- First ExComm held 22 April 2005
- Key points:
  - HM&E standardization not a new concept…*Standardization needed from both readiness and cost perspective to facilitate tomorrow's readiness*
  - If not approached smartly, could inhibit new technology insertion and increase upfront costs
  - Targeting entire span of acquisition, maintenance and modernization
  - Facilitates Fleet Response Plan, SEA SWAP and Distance Support



The right balance…at the right cost

Approach


Standardization
Right Readiness…Right cost
New Construction
Maintenance
Commodity Vehicles

Since the last ExComm…

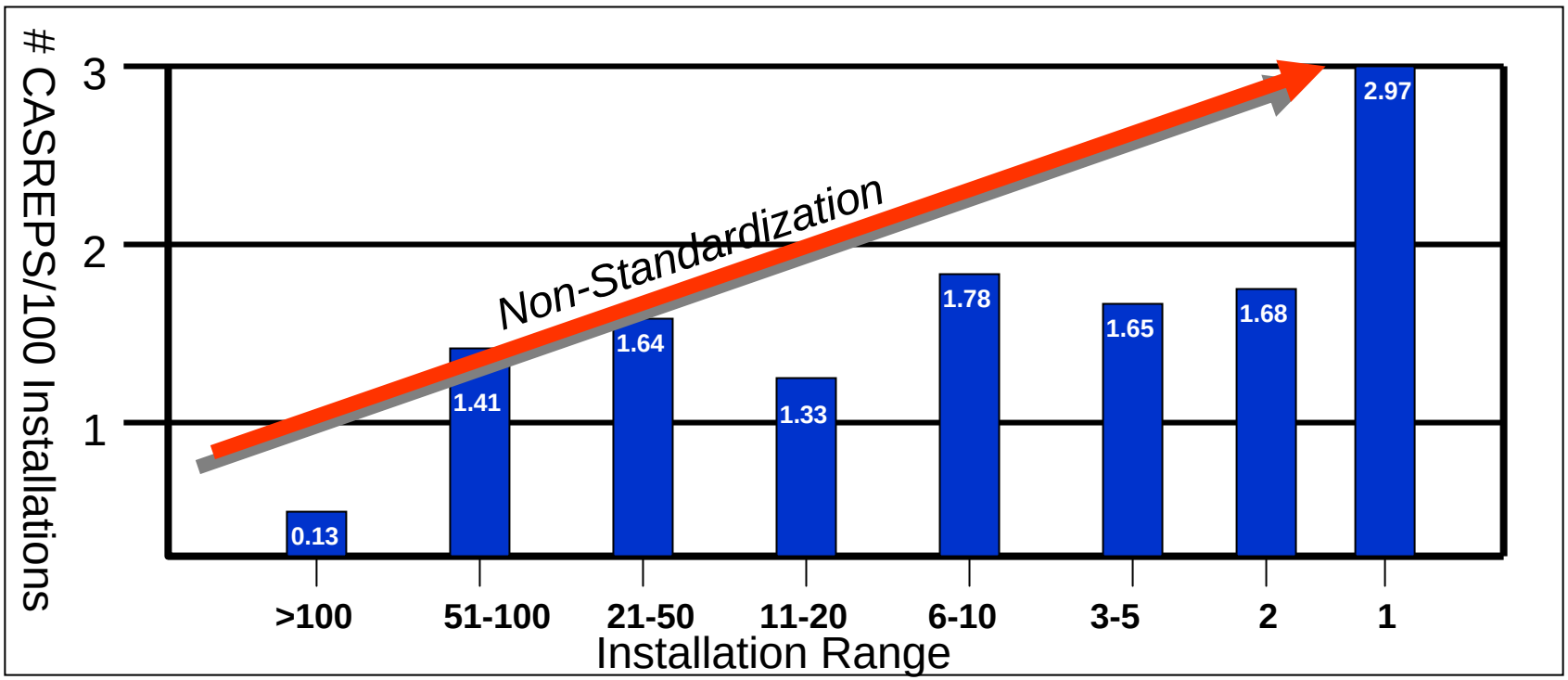
- Charter signed
- ESC stood up
- Working Groups established and co-chairs/ membership determined
  - WG1 New Construction
  - WG2 Maintenance/Repair
  - WG3 Commodities Management
  - WG4 Governance
- ESC approved WG 4 Governance approach…
  - *process flow and authority levels*
- HM&E Standardization web page established

  http://www.nslc.navsea.navy.mil/hme/index.nsf

Backup

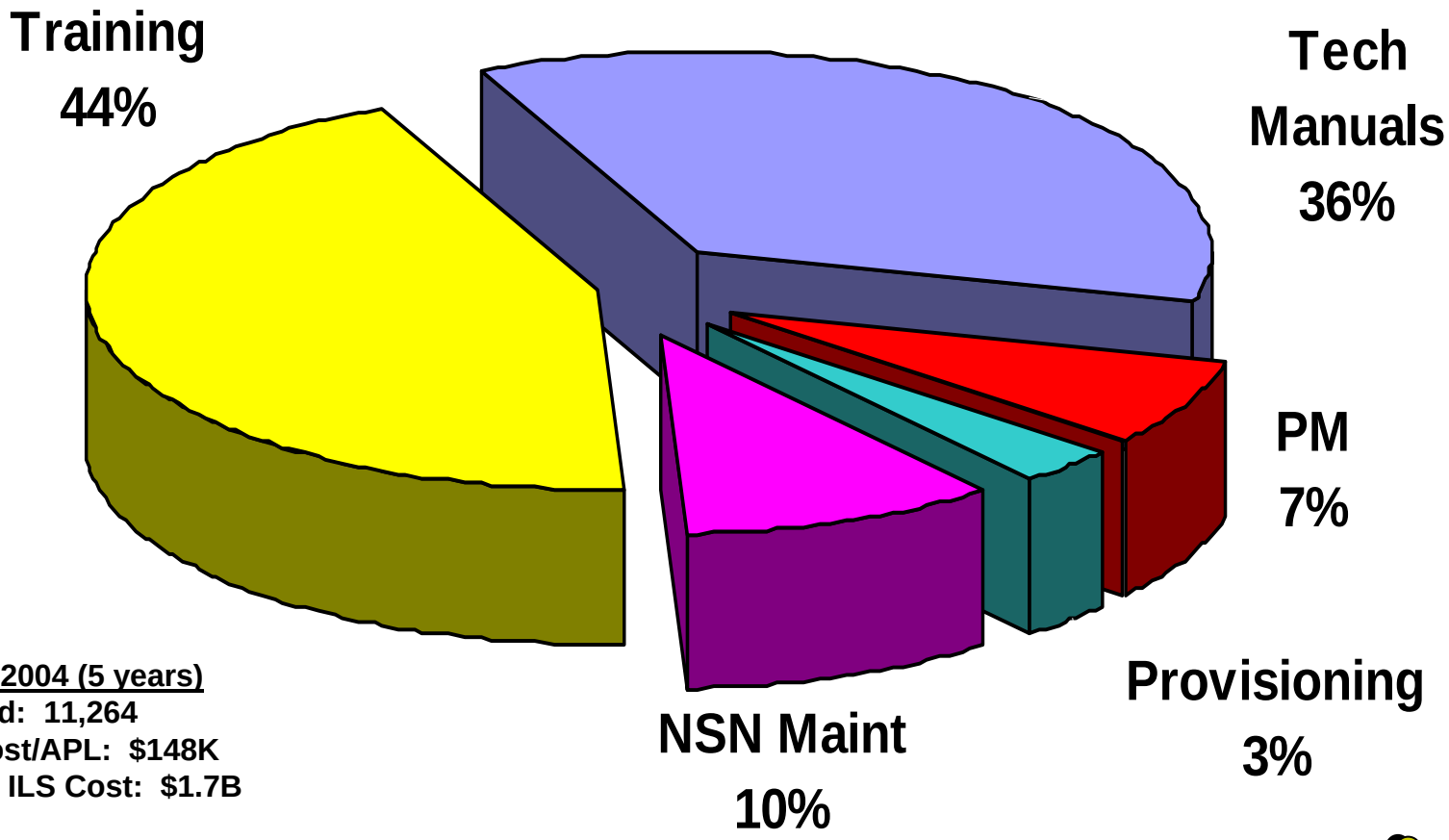
Impact of Low Density HM&E

- Proliferation of non-Standard HM&E introductions
  - *Drives higher life cycle logistics support costs*
  - *Negatively impacts readiness*



Costs ↑ Readiness ↓

Average ILS Cost per HM&E APL



FY2000 thru FY2004 (5 years)
APLs developed: 11,264
Average ILS Cost/APL: $148K
Total Projected ILS Cost: $1.7B

Drives additional inefficiencies across Maritime sustainment processes